EFFECT OF REWARD SYSTEM ON EMPLOYEE PERFORMANCE AMONG SELECTED MANUFACTURING FIRMS IN THE LITORAL REGION OF CAMEROON

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ABSTRACT

This study investigates the effect of reward system on employee performance in selected manufacturing firms in the Littoral Region of Cameroon. Specifically, the study assesses the degree to which profit sharing affects employee commitment in manufacturing firm; ascertains the effect of flat-rate systems on employee work values in manufacturing firms; and appraises the influence of collective bargaining reward systems on employee cohesiveness in manufacturing firms. This research work is a survey which makes use of a sample of 538 employees drawn from a population of 5146 employees of ten selected manufacturing firms within the Cameroon Littoral Region. The sample was selected by the use of the Cochran's formula for finite population sample at a 95% confidence level. The major source of data used for the study was primary data and the instrument used for data collection was questionnaire. The findings revealed that, profit sharing had a significantly positive effect on employee commitment in manufacturing firms; flat rate systems had a significantly negative effect on employee work values in manufacturing firms; and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. The study concluded that there is a positive link between reward systems and employee performance. This link creates an opportunity for employers to use reward system as a motivating factor to fine-tune employee behaviour towards efficiency and effectiveness. Based on the findings, it was recommended amongst others that reward systems for manufacturing firms should be designed such that employees are entitled to percentages of profit earned by the firm as a means of promoting productivity and group cohesiveness amongst employees. The study further advised that employees in manufacturing firms should not be paid fixed salaries as it could result in a high rate of tardiness and reluctance of employees within a group to put in anything more than the performance of an average performer in the group.

Keywords: Reward System, Work Values, Employees Commitment, Employees Cohesiveness.

INTRODUCTION

In this present world of globalization where business has gone beyond national boundaries and employees are protected by international laws and engagement, reward systems are fast becoming a competitive tool to many firms. The advent of globalization has brought about greater pressure on business management to be proactive, creative and innovative in order to survive the turbulent business environment that now transcends national boundaries (Ezigbo, 2011). Business management has gone beyond routine processes of mass production with the aim of benefiting from economy of scale. Consumer needs, taste and fashion not only vary from one society to the other but constantly change with time and season. Consumers are in constant demand for product differentiation and new product features. Different consumer groups based on health age and need emerge on a day to day basis. This calls for a better management of resources and a prompt response to consumer needs as a key determinant of survival (Hill, 2004).

Maximizing the performance of organizations is the main issue for an organization (Candy, 1997; Milkovich et al., 2011). Plants, machinery, and equipment cannot generate the desired output. They have a relatively fixed production capacity. It is only the human resource whose output is subject to a number of motivating factors. The success of every organization depends not only on the quality of human resources available to the organization but also on the ability to trigger the optimum output from an employee (Pratheepkanth, 2011). Ahindo (2008) opines that success in today's increasingly competitive environment is to a greater extent a function of effective and efficient management of human resources available to the business organization. This calls for the development of a work force that is motivated to yield the highest possible performance and productivity for the firm towards achieving its organizational goals and objectives.

Having the best strategy in place and appropriate organizational architecture is not a guarantee that an organization will be effective. This can only be complimented when organizational members are motivated to perform at a high level. While machines and robots can be programmed and controlled to consistently produce the same amount of output, upgrade to perform better or replaced if not functioning properly, humans cannot be programmed and controlled. Their level of productivity is subject to their level of motivation (Bayon, 2013). Employees are bound to the organization by terms of a contract, labour union laws, state and human right regulations. As such employees cannot be replaced like machined or compelled to deliver under adverse conditions. However, when an organization undertakes to satisfy the needs of employees, it triggers a desire in the employee to return this favour with hard work and commitment. Thus, identifying the needs of the employees and answering it is the most basic approach of every organization to earn their commitment to organizational goals and objectives (Chughtai, 2008).

Generally, individuals are motivated to work by the needs they have which require satisfaction. Such individuals are committed to jobs they perceive to have a possibility of satisfying their needs through the reward they will receive for the work done. The type of motivation depends greatly on the nature of the reward. Remuneration is, therefore, one of the factors that have the ability to improve the performance of individuals and organizations by increasing productivity, quality of performance and encouraging positive work attitudes from workers to be in line with organization's objectives (Bayon, 2013).Intrinsically motivated individuals will be committed to their work only when they find out that their job contains task that is intrinsically rewarding (Ajila, 1997). In the same light, extrinsically motivated persons will be committed to the extent that they can gain or receive external rewards for their job. In a nut shell, you can only get what you reward. Good remuneration, therefore, is expected to contain elements that reward both intrinsically and extrinsically to trigger both extrinsic and intrinsic motivation from the employee. With a well-motivated workforce, employee performance can be manifested on organizational effectiveness, which allows individuals to focus on the development of their work, in terms of behaviour, knowledge, ethics, skills, and effectiveness (Pratheepkanth, 2011).

The performance of every employee is a major concern to the human resource department. In spite of the qualification and longevity of service of an employee, workers are sometimes reluctant to put in their best at their job site. Some who show a high level of performance at the start of their career start diminishing at the time they are expected to use their experience and perform even at a higher level. Many work only within the confines of their job specification and are not interested in putting in any additional effort in driving the organizational goals. This takes away creativity from the work place, limits invention and improvement and places such a firm at a competitive disadvantage in the adverse business world that is constantly shifting to meet consumer needs and expectations. It takes only motivation to transform these employees into a self-driven and work oriented labour force (Grant, 2008). As pointed by Pierce et al. (2003), an effective reward system is not static but constantly fine-tuned and its effectiveness often evaluated to ensure it constantly captures employee motivation. It must constantly increase the desire to attain high standards, increase employee satisfaction and give a feeling of competence and freedom (Danish & Usman, 2010). Employers get more of the behaviour that they reward, not actually what they assume they will naturally get from employees. Thus when employees surpass their target or exceed their standard they expect to be rewarded immediately as a way of motivating them. By doing this, employees directly connect reward with work behaviour and the higher performance they have attained (Torrington & Hall, 2006).

To this note, reward systems are very critical for an organization (Maund, 2001). Though reward systems have the ability to attract the right employee, keep them and constantly motivate them to deliver desirable performance (Otieno, 2006), a poorly structured reward system can result in high labour turnover, low level of productivity and a general laissez faire attitude at the workplace. It is therefore important for management to develop a reward system that will provide positive consequences for contributions to desired performance by employee. This will create an ever burning desire in employee to be creative, innovative and performance oriented, resulting in high-level productivity thereby placing the organization at a competitive advantage amidst global competition.

In many manufacturing settings, instead of the reward systems to harmonize the interest of employee and employer by fine-tuning employee interest towards performance, the systems have progressively made parallel the interest of employee and employers. If research is not done to correct this situation, many firms will continue to experience low levels of employee performance, high production cost, and low-profit margins. There will be conflicting interest between employee and employer resulting in high labour turnover with its associated cost effect. It is on this premise that this research work is designed to investigate the effect of reward system on employee performance using selected firms in Cameroon littoral region. The study specifically (i) assesses the degree to which profit sharing affects employee commitment in manufacturing firms; (ii) ascertains the effect of flat-rate systems on employee work values in manufacturing firms; and (iii) appraises the influence of collective bargaining reward systems on employee cohesiveness in manufacturing firms.

REVIEW OF LITERATURE

Concept of Reward Systems

Reward systems can be traced back to the scientific management era where management principles and philosophies were developed some of which are still existing today. Reward systems played an important role in this era in the success and implementation of this philosophy of scientific management. It all started with the American Society of Mechanical Engineers who was the first promoter of management. The most challenging problem they had was what they termed "*wage problem*" (Drury, 1915). It was in 1895 that Taylor made the first formal presentation in a paper titled

"*A piece-rate system: A step toward partial solution of the labour problem*".

One of the major issues addressed in this paper is the "*wage problem*". Though Peach & Wren (1992) traced the evolution of pay for performance to the 1950s, many management programs had existed in the 1915s many of which were identified with the names of the management engineers themselves like: the Taylor system, the Gantt system, Emerson system and so on (Nadworny, 1957).

Although scientific management is not a reward system as stated by Taylor in his testimony before the special committee when he defined what scientific management is not, it is the major concern of scientific management. Scientific management is not a pay scheme for employee neither is it a piece works system. It is not a bonus or premium system neither is it a scheme for paying men but under scientific management, the pay system is simply one of the subordinate elements. However, task and bonuses constituted the most important elements in scientific management. In this era, Taylor pressed on the need for management to develop plans that offer high wages to workers and a relatively low labour cost to employers while fostering individual pay for performance. This was illustrated in a proposed pay system: the piece-rate plan (Taylor, 1947).

Frank and Lillian Gilbreth developed a reward system whose ideas are still being used today (Spriegal & Myers, 1953). They identified two kinds of incentives: direct incentives which include ambition and pride of the worker, and indirect incentives which include rewards and punishment. The characteristics of reward are:

1. Positive in terms of their perceived gain to the worker.
2. Predetermined, meaning that they should be decided upon prior to the start of a job.
3. Personal or individual design i.e. for that particular man for that particular work.
4. Fixed/unchanged so that once the rate is established it must not be cut.
5. Assured by the organization so that employees trust that: rewards have always been paid in the past, therefore probably will be in the future.
6. Prompt so that the reward is announced and received as soon as the work has been completed.

In a world of global competition, employers are looking for better ways of motivating the employee to perform at optimum. One of such strategies is by the use of an appropriate reward system. Reward systems that not only attract and retain top performing employee but constantly motivates them towards achievement (Downes & Choi, 2014). Reward systems had existed in the past and have served as a premise for the development of recent ones that better align the interest of both employee and employer. According to Babakus et al. (2003), the perceptions that employees have with regards to their reward climate influences their attitude towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. Hafiza et al. (2011) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their effort. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work. Many studies in the creativity literature have shown that the firm's perform creatively (Eisenberger et al., 1998; Eisenberger & Rhoades, 2001).

Reward systems have different parts and structures depending on the need of the organization exploiting the reward system. What every organization regards as its goals for profitability and growth are the parameters that are expected to be included in the reward system to ensure that desired behaviours are rewarded while undesired actions are not. This requires a breakdown and restructuring of organizational goals into understandable and measurable behaviours and performances. The outcome is some forms of a management control tool that measures and rewards performance. These systems sometimes have minimum and maximum reward that can be paid out depending on what it is designed to achieve (Jaghult, 2005).

There are different parts of a reward system. The first include the monetary part which is the most common part of every reward system. It is not necessarily the most important part of the system but has a high motivating impact on employee performance. It is the financial part of reward (Merchant, 2007). There are three main categories of the monetary part of a reward system:

1. Performance base salary-increase: Organizations pay salaries to their employees after every fixed period of time. It is expected that employee competencies increase over time as a result of experience in longevity. As a result, provisions are made for a small increment in salary after particular periods of time (Merchant, 2007). These are known as performance base salary increments.
2. Short-term incentive plans: It is a cash bonus given mostly to managerial level staff based on performance measured over a short period of time usually less than one year.
3. Long-term incentive plans: Rewards that are based on performance measures over time periods longer than a year are long-term incentive rewards. By using this plan, a company can reward employees for their great work performance to maximize the firm's long-term value. This also helps to attract and retain key talented persons in an organization (Merchant, 2007).

The second is the non-monetary parts which are intangible non-cash rewards such as scope to achieve and exercise of responsibility, career opportunities, health care, learning and development, career progression, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. A word of appreciation and certificates of recognition are other forms of non-monetary part of a reward system (Jaghult, 2005). Nonmonetary part of a reward system creates a long term effect on employee commitment than the monetary part. However, an effective reward system must contain both components (Amstrong, 2007).

Rewards systems can either result in intrinsic motivation or personal growth motivation. Intrinsic motivation is the type that comes from within the individual, a feeling of being proud of something, feeling content and happy by something that you have done. On the other hand, personal growth motivation is the type that is brought to you by another person or an organization (Kaplan & Atkinson, 1998). Furthermore, extrinsic rewards can be monetary or non-monetary. The monetary part is usually a variable compensation which is separated from the salary. It is received as an outcome of extraordinary performance or as an encouragement. It can be either individually based or group based. The conditions to obtain these reward systems are often set in advance as well as the performance needs to be expressed in a measurable form (Jaghult, 2005).

The Concept of Employee Performance

Employee performance is an indicator of the capacity of an organization to efficiently achieve organizational goals (Venkatraman & Ramanujam, 1986). It can be evaluated in many ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment. It is associated with both quantity and quality of output. It takes into consideration timeliness of output and presence/ attendance on the job, the efficiency of the work completed and effectiveness of job completed (Mathis & Jackson, 2009). Employee performance is the successful completion of a task by an individual or individuals, as lay down and measured by a supervisor of the organization. It entails meeting pre-defined and acceptable standards while efficiently and effectively utilizing available resource within a changing environment. Aguinis (2009) opines that the definition of performance does not include the results of employee's behaviour, but only the behaviours themselves. Performance is all about behaviour or what employees do and not just about what employees produce or the outcomes of their work.

Carlson (2006) proposes five human resource management practices that can affect performance. They are: setting competitive compensation level, training and development, recruitment package, performance appraisal and maintaining morale. Perceived employee performance refers to the general belief of the employee about his behaviour and contributions towards the success of the organization. There are three basic factors that determine employee performance: procedural knowledge, declarative knowledge, and motivation (McCoy et al., 1994).

Reward Systems and Employee Performance: The Nexus

Several studies have been conducted in Africa on the issues on reward as it affects employee's performance. Danso et al. (2013) carried out research work on effects of rewards systems on employees performance in Ghana Commercial Bank and found out that reward systems misuses is one of the problem confronting many banks in west African region. Similarly, Nyandema et al. (2014) examined the effect of intrinsic reward on motivation among employees as well as the effect of extrinsic reward on motivation among employees and concluded that both intrinsic and extrinsic reward systems affect career development and motivation among employees of Kenyan firms. Further, studies such as (Bello & Adebajo, 2014; Jesca, 2014; Murphy, 2015) come into the same submissions.

Rewards can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more (Perry et al., 2006). Research has proven that when human being are appreciated and praised they tend to improve their performance. Sometimes portion of the retained earnings or the end of year profit can be shared to stimulate stellar performance. This is another way an organization can apply as a reward so as to improve performance. Praise could be shown in the organization newsletter or in meetings. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employee's performance (Torrington & Hall, 2006). Organizations should reward employees more often. This greatly improves performance compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance (Figure 1) (Thomson & Rampton, 2003). Another way through which organizations can use reward systems to increase output is by personalizing the reward. When rewards tend to be so general, employees do not value them. Organizations can use rewards to improve employee performance by incorporating joint discussion or collective bargaining with employees especially if there seems to be a potential conflict. Managers should be on the lookout for employees who perform well. Hence, the study hypothesized that:

H_{a1}: profit sharing has a significantly positive effect on employee commitment in manufacturing firms.

H_{a2}: flat rate systems have a positive effect on employee work values in manufacturing firms.

H_{a3}: collective bargaining reward systems have a significantly positive impact on employee cohesiveness in manufacturing firms.

Independent Variables **Dependent Variables**

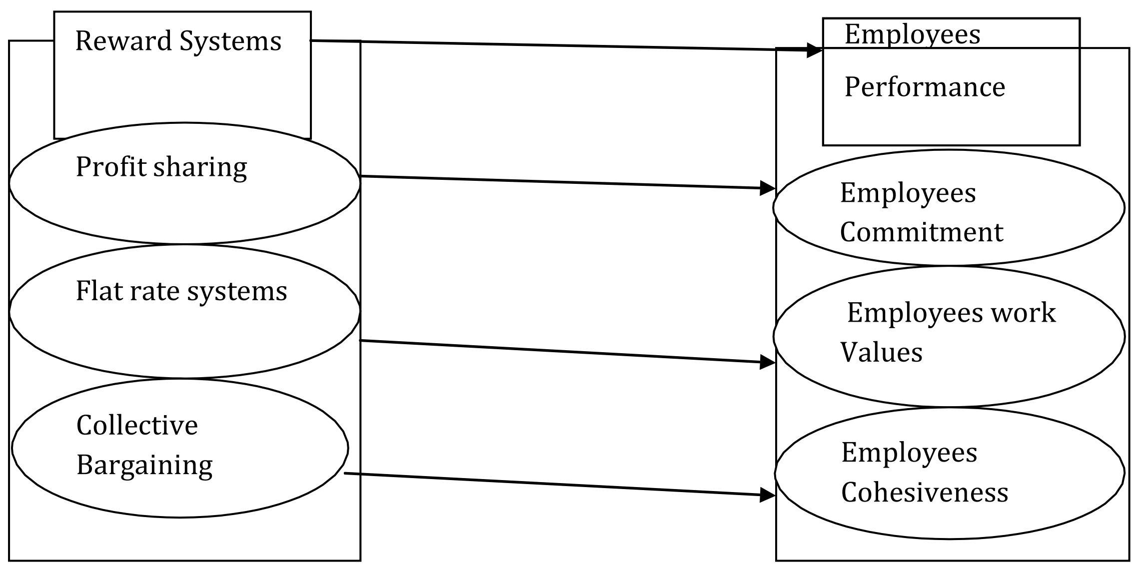

FIGURE 1
OPERATIONAL CONCEPTUAL SOURCE: RESEARCHERS CONCEPTUALIZATION

Theoretical Framework

This work anchored on the efficiency wage model which states that the productivity of employees in an organization is positively correlated with the wages rates they receive. The model has different explanations as to why this is the case. These explanations, in turn, can be looked upon as sub-models to the efficiency wage theory (Campbell & Kamlani, 2007; Milkovich et al., 2011).

1. Shirking Model: If workers receive a higher pay package, the cost of losing their job becomes equally higher and this acts as an incentive for the workers not to shirk and risk being fired.
2. Gift-Exchange Model: A higher wage is seen by workers as a gift from the organization and employees will

want to return this gift in the form of a higher effort.
3. Fair Wage-effort Model: If workers are paid a wage below what they perceived as fair, they would not apply as much effort as they would have if they got a fair wage.
4. Adverse Selection Model: A wage which is above the labour-market equilibrium wage will draw more workers to the firm, thus giving the firm an opportunity to choose better workers from a bigger pool.
5. Turnover Model: If workers are paid a higher wage than they would get at other firms, they are less prone to quit their jobs, thus decreasing the firm's labour turnover rate. The firm thus saves itself the costs of hiring and training new workers.

METHODOLOGY

The study adopted a survey design. The area of study for this research work is the Litoral Region, precisely Douala which is the economic capital of Cameroon. It is an attraction for many firms due to the good road networks, the ready market provided by the dense population and the presence of river Wouri which provides a port for the importation of raw materials and water for deposition of waste. The study centred on ten selected manufacturing firms in the region namely: Camlait Ltd, Sosucam Ltd, La Pasta Ltd, Palmol Ltd, Chococam Ltd, Nosucam Ltd, Panzani Ltd, Nestle` Ltd, Mayor Ltd and Fokou group Ltd. Population for the study comprised of all the top level management, middle-level management and non-managerial staff of ten selected firms in the Litoral Region of Cameroon. The total population of the study was the five thousand one hundred and forty-six employees of the ten selected firms. Sample size of five hundred and thirty eighty was drawn from the study population. Data for the study was collected from the primary source through questionnaires that were self-administered to the staff of the selected firms. Five hundred and thirty eight questionnaires were prepared, forty-two of which were administered to top level managers, eighty-four to middle-level managers while the remaining four hundred and twelve were administered to non-managerial staff of the ten selected firms in proportion to their population size. Out of the five hundred and thirty eight questionnaires administered, only five hundred and seventeen, representing 96.1%, were returned for the data analysis. Information collected through the questionnaire was analyzed with frequency distribution and percentage table. Test-retest method was used to determine the reliability of the instrument while Spearman Rank Correlation Coefficient was used to determine the Coefficient of the reliability of the instrument. The Spearman Rank Correlation Coefficient was found to be very high: r=0.988 showing that there is a high level of reliability in the survey items.

RESULTS

The study analysis is based on a total of five hundred and thirty eight (538) copies of questionnaire distributed to prospective respondents in the ten selected manufacturing firms within the Littoral region of Cameroon. Five hundred and thirty eight copies of questionnaire (538) were distributed to a sample of five hundred and thirty eight employees of the selected manufacturing firms, making a hundred percent (100%) level of questionnaire distribution. Of the 538 copies of questionnaire distributed, only five hundred and seventeen (517) were returned resulting in a 96.1% level of questionnaire return. Twenty one copies of questionnaire were never returned making it 3.9% percent of questionnaires not returned.

Out of the 517 questionnaires returned, 201 (38.9%) came from married employee and 316 (61.1%) from singles. 268 (51.9%) of the employees were male while 249 (48.1%) were females. Based on their academic qualification, 114 (22.1%) were GCE O/A level holders, 283 (54.7%) were either HND or First Degree holders while 69 (13.3%) had a master's degree. 6

(1.1%) had PhDs while 45 (8.8%) had other qualifications. Taking into consideration their managerial positions, of the 517employee, 36 (7%) were top level managers, 75 (14.4%) middle level managers while 406 (78.6%) were at lower level. 129 (24.9%) had put in less than two years of service in the firm, 221 (42.8%) had served their firms for a period of two to four years while 167 (32.3%) had put in more than 5 yrs of service in their respective firms.

Table 1
RESPONDENTS OPINION TO THE RESEARCH QUESTIONS

Q_1	**How does profit sharing affect employee commitment in manufacturing firms?**	**Strongly Agree (5) N (%)**	**Agree (4) N (%)**	**Undecided (3) N (%)**	**Disagree (2) N (%)**	**Strongly Disagree (1) N (%)**	**Total N (%)**
1	When employees are entitled to proportions of profits earned by a firm it triggers a quest for higher levels of productivity in an employee.	289 (55.8%)	120 (23.2%)	0 (0%)	54 (10.5%)	54 (10.5%)	517 (100 %)
2	When employee pay package is depended upon the profit level of a firm, employees become much more devoted in performing their task.	164 (31.6%)	49 (9.5%)	109 (21.1%)	114 (22.1%)	81 (15.7%)	517 (100 %)
3	Profit sharing has a positive effect on employees loyalty to organizational objectives	142 (27.4%)	146 (28.4%)	33 (6.3%)	93 (17.9%)	103 (20.0%)	517 (100 %)
4	When group reward packages depend on some percentages of profit earned by the firm, this encourages group cohesiveness within the firm.	266 (51.5%)	93 (17.9%)	0 (0%)	79 (15.3%)	79 (15.3%)	517 (100 %)
	Total	**1269 (61.4%)**		**142 (6.9%)**	**657 (31.7%)**		**2068 (100 %)**
Q_2	**In what way do flat rate systems affect employee work values in manufacturing firms?**	**Strongly Agree (5) N (%)**	**Agree (4) N (%)**	**Undecided (3) N (%)**	**Disagree (2) N (%)**	**Strongly Disagree (1) N (%)**	**Total N (%)**
5	When an employee is expectant of a particular pay package irrespective of their input in the firm, the effect is an increase in lateness to work and a high degree of absenteeism amongst employee.	245 (47.4%)	54 (10.5%)	49 (9.5%)	60 (11.5%)	109 (21.1%)	517 (100 %)
16	When employees working in a group are expectant of the same pay package, the result is that employees within the group will be reluctant to put in anything more than the performance of an average performer in the group.	218 (42.1%)	54 (10.5%)	76 (14.7%)	115 (22.1%)	54 (10.5%)	517 (100 %)
7	When employees are paid on flat rate bases, the outcome is that employee will be reluctant to acquire new skills and knowledge that can improve their performance.	71 (13.7%)	82 (15.8%)	32 (6.3%)	250 (48.4%)	82 (15.8%)	517 (100 %)
8	Reward systems that are not tied to performance have a negative effect on employee creativity.	179 (34.7%)	43 (8.4%)	40 (7.7%)	104 (20.0%)	151 (29.1%)	517 (100 %)
	Total	**946 (45.7%)**		**197 (9.5%)**	**925 (44.8%)**		**2068 (100 %)**

Q_3	How does collective bargaining reward systems impact on employee cohesiveness in manufacturing firms?	Strongly Agree (5) N (%)	Agree (4) N (%)	Undecided (3) N (%)	Disagree (2) N (%)	Strongly Disagree (1) N (%)	Total N (%)
9	Reward systems that incorporate employee needs have a positive impact on labour turnover rate in a firm.	294 (56.8%)	115 (22.1%)	0 (0%)	54 (10.5%)	54 (10.5%)	517 (100 %)
10	Reward systems that emanate from a negotiation process between employer and employee has a positive effect on the bond between employee and employer	43 (8.4%)	234 (45.3%)	17 (3.2%)	76 (14.7%)	147 (28.4%)	517 (100 %)
11	Individual base reward systems impact positively on the level of collaboration between members of a group	218 (42.1%)	54 (10.5%)	76 (14.7%)	115 (22.1%)	54 (10.5%)	517 (100 %)
12	Reward systems that create a strong bond between employee and employer have a negative impact on the rate and level of conflict in a firm.	71 (13.7%)	82 (15.8%)	32 (6.3%)	250 (48.4%)	82 (15.8%)	517 (100 %)
	Total	**1111 (53.7%)**		**125 (6.1%)**	**832 (40.2%)**		**2068 (100 %)**

Source: Field Data Collection.

It is seen that in Table 1, 1269 (61.4%) of the respondents fall into the agreement echelon, 657 (31.7%) fall into the disagreement category while 142 (6.9%) fall into the undecided category. This practically implies that majority of the respondents averagely agree that profit sharing affect employee commitment in manufacturing firms. Similarly, the table revealed that, 946 (45.7%) of the respondents fall into the agreement echelon, 925 (44.8%) fall into the disagreement category while 197 (9.5%) fall into the undecided category. This practically implies that majority of the respondents agreed that flat rate systems affect employee work values in manufacturing firms. Further, it can be seen from the Table 1, that 1111 (53.7%) of the respondents fall into the agreement echelon, 832 (40.2%) fall into the disagreement category while 125 (6.1%) fall into the undecided category. This implies that majority of the respondents agreed that collective bargaining reward systems impact on employee cohesiveness in manufacturing firms.

Three hypotheses formulated are tested using regression analysis and Pearson product moment correlation. The respondent opinions from the Table 1 are used to test the hypotheses:

H_{o1}: Profit sharing has a significantly negative effect on employee commitment in manufacturing firms.

H_{a1}: Profit sharing has a significantly positive effect on employee commitment in manufacturing firms.

Regression model:

$$Y = \alpha = \beta X + \mu \ldots. \left(For\ all\ observations\ i,\ = 1,\ 2\ \ldots n\right)$$

Where,
Y=employee commitment.
X=profit sharing.
μ=error term of random variable α=a constant amount.
β=effect of X hypothesized to be positive.

Hence, the regression (predict) equation will be:

$$Y = 108.011 + 1.212X$$

Table 2a
MODEL SUMMARY

Model	R	R Square	Adjusted R^2	Std. Error of the Estimate
1	0.711[a]	0.711	0.963	29.15133

[a]Predictors: (Constant), profit sharing.

Table 2b
ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20171.151	1	20171.151	17.211	0.002[a]
	Residual	2712.049	516	928.350		
	Total	22883.200	517			

[a]Predictors: (Constant), profit sharing.

[b]Dependent Variable: employee commitment.

Table 2c
COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	108.011	47.849		3.113	0.061
	profit sharing	1.212	0.416	0.939	3.118	0.005

[a]Dependent Variable: employee commitment.

Having analyzed the data from the questionnaire using regression analysis to examine if profit sharing has a significantly effect on employee commitment in manufacturing firms, Tables 2 a, b & c revealed that the regression result shows the existence of significant result on the variables (R-coefficient=0.711; $p < 0.05$). The significant level was found to be 0.002, and due to this we reject the null hypothesis and accept the alternate one which states that profit sharing has a significantly positive effect on employee commitment in manufacturing firms.

H_{o2}: Flat rate systems have a negative effect on employee work values in manufacturing firms.

H_{a2}: Flat rate systems have a positive effect on employee work values in manufacturing firms.

Regression model:

$$Y = \alpha = \beta X + \mu \ldots. \left(For\ all\ observations\ i, = 1, 2 \ldots n\right)$$

Where,
Y=employee work values.
X=flat rate systems.
μ=error term of random variable.
α=a constant amount.
β=effect of X hypothesized to be positive.

Hence, the regression (predict) equation will be:

$$Y = 99.123 + 1.313X$$

Table 3a
MODEL SUMMARY

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.813[a]	0.124	0.823	30.11122

[a]Predictors: (Constant), flat rate systems.

Table 3b
ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22122.051	1	22122.051	16.122	0.051[a]
	Residual	2533.149	516	1372.335		
	Total	24655.200	517			

[a]Predictors: (Constant), flat rate systems.
[b]Dependent Variable: employee work values.

Table 3c
COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	99.123	46.849		3.121	0.007
	flat rate	1.313	0.416	0.732	3.123	0.006

[a]Dependent Variable: employee work values.

Based on the analyses of data obtained from the questionnaire using regression analysis with focus on examining if flat rate systems have effect on employee work values in manufacturing firms, Tables 3a, b & c revealed that the regression result shows the existence of significant result on the variables (R-coefficient=0.124; p< 0.05). The significant level was found to be 0.051, and due to this we do not reject the null hypothesis which states that flat rate systems have a negative effect on employee work values in manufacturing firms.

H_{o3}: Collective bargaining reward systems have a significantly negative impact on employee cohesiveness in manufacturing firms.

H_{a3}: Collective bargaining reward systems have a significantly positive impact on employee cohesiveness in manufacturing firms.

Table 4
CORRELATIONS

			Collective Bargaining	Employee Cohesiveness
PPMC	Collective Bargaining	Correlation Coefficient	1	0.821
		Sig. (2-tailed)		0.041
		N	285	285
	Employee Cohesiveness	Correlation Coefficient	0.821	1
		Sig. (2-tailed)	0.041	
		N	517	517

Data for the test of this hypothesis were obtained from responses from the questionnaire. Correlation coefficient was used to test the validity of the impact of collective bargaining reward system on employee cohesiveness in manufacturing firms. Table 4 above reveals that correlation result shows the existence of significant result on the variables ($r=0.821$; $p<0.05$). The significant level was found to be 0.041, and due to this we reject the null hypothesis and accept the alternate one which states that collective bargaining reward systems have a significantly positive impact on employee cohesiveness in manufacturing firms.

DISCUSSION

The first finding revealed that profit sharing has a significantly positive effect on employee commitment in manufacturing firms. This result fall in line with the findings of Puwanenthiren (2011) that employee commitment to organizational objectives can be achieved through the use of an appropriate reward system. It further affirms that reward systems serve as a motivating factor to improve employees' loyalty to organizational goals and targets (Danso et al., 2013). Though none of these authors specified the type of reward system, evidence from this research work identifies profit sharing as that appropriate reward system that can fine-tune employee's commitment to the firm's goal and objectives thus reducing labour turnover and its related cost. Though profit sharing has a positive effect on employee commitment, it cannot be solely used as a reward system in manufacturing industries. This is due to the fact that profit levels in a manufacturing firm fluctuate depending on the production process. Profit can be very low at some stages in spite of a high level of commitment. This can result in relatively lower wages in spite of higher input. As a result, profit sharing can only be used alongside other reward systems in manufacturing firms.

Second finding revealed that flat rate systems have a negative effect on employee work values in manufacturing firms. This result tie with the finding that worker's place great value on the different forms of rewards made available to them by their employers and when a reward system does not make provision for different forms of reward and incentives, workers tend to express their displeasure by means of poor performance and non-commitment to their task (Bello & Adebajo 2014). It affirms the recommendation that reward systems should be based on definite, realistic and reliable standards must be clearly identified and redefined to make greater meaning to the employees (Nyandema et al., 2014). It falls in line with the assertion of Jesca (2014) that workers place a great value on different rewards given to them by their employers and this has a significant impact on their performance. However, flat rates cannot be ruled out in manufacturing firms. They can always be used as a minimum base in time of recession or leave.

The third result finding shows that collective bargaining reward systems have a significantly positive impact on employee cohesiveness in manufacturing firms. This result agrees with the report of Jesca (2014) that employees of the Tanzanian Banking Industry were neither satisfied with the current reward packages nor with the intrinsic rewards provided by these Banks because reward systems matter a lot and should be a concern of the bank and employees (Dow et al., 2010). Also in line with this finding, Bello & Adebajo (2014) found out that, when a reward system does not make provision for different forms of reward and incentives that address employee needs, workers tend to express their displeasure by means of poor performance and non-commitment to their task.

CONCLUSION AND RECOMMENDATIONS

There is a consensus of opinion on the link between reward systems and employee performance. This link creates an opportunity for employers to use reward system as a motivating factor to fine-tune employee behaviour towards efficiency and effectiveness. It is an opening for management to improve upon employee productivity by ensuring that a reward system fairly rewards the right person to make employees feel that the firm appreciates them and that reward belongs to the persons performing their task with success and with excellence discipline. Reward appeals differently to employees as such employee commitment to organizational objectives can be achieved through the use of an appropriate reward system. These systems serve as a motivating factor to improve employees' loyalty to organizational goals and target. Efficient reward system provides moral incentives which can be linked practically with some level of performance so as to distinguish excellent employees according to their performances as a means of improving employee performance. Such systems ensure that rewards are fair and recognize individual performances of employee both at their jobs and groups as a means of enhancing performance.

Employee place a great value on different rewards given to them by their employers and this has a significant impact on their performance. When a reward system does not make provision for different forms of reward and incentives that address employee needs, workers tend to express their displeasure by means of poor performance and non-commitment to their task. As such, reward systems should be based on definite, realistic and reliable standards must be clearly identified and redefined to make greater meaning to the employees because reward systems are not just important to the employer but are of great value to the employees as well.

On the premise of the conclusion arrived at, the following recommendations have been made:

1. Reward system for manufacturing firms should be designed such that employee are entitled to percentages of profit earned by the firm as a means of promoting productivity amongst employees, enhancing loyalty and ensuring employee devotedness to performing assigned task.
2. As a means of ensuring group cohesiveness amongst members of a group, group performance should be rewarded by percentages of profit earned by the firm as a result of the group's input.
3. Employee in manufacturing firms should not be paid fix salaries as it could result in a high rate of tardiness and reluctance of employee within a group to put in anything more than the performance of an average performer in the group. It should be made up of a fix base followed by other rewards that are based on performance. This will enhance creativity and the desire to acquire new knowledge amongst employee.

This study contributed to knowledge because unlike many other works on reward systems and employee performance that makes use of extrinsic reward (salary, bonus, and promotion) and intrinsic (praise, recognition and genuine appreciation) as the variable for reward system, this study endeavour to use actual reward system variables: profit sharing, flat rate and collective bargaining, as against employee performance. This establishes a true relationship between reward system and employee performance in manufacturing firms.

FUTURE RESEARCHES

This study evaluates the phenomenon regarding reward systems and its effects on employee performance. There are several possibilities for future research in this area of study. Firstly, because reward systems are not a one size fit for every firm, it will be interesting to investigate the effect of reward system on employee performance in service firms. In service firms such as banks, employee task are more routine with a relatively lower level of creativity and innovation. There is a lower probability for group work and a higher level of specialization and task distinction. It is very important for research to be done in this direction with the focus of identifying the most appropriate reward system for service firms. Secondly, wages and salaries constitute a significant part of expenses made by firms. Considering that reward is an important tool that can be used to attract the right employee, keep them and constantly motivate them to perform at optimum level, reward systems are expected to deliver attractive packages. Also taking into consideration that the main objective of every business is profit making, it is important to research on the effect of reward system on the profitability of manufacturing firms. This will help strike a balance between labour cost and profit. Finally, the essence of individual performance is to achieve organizational performance. Organizational performance in itself is not an algebraic sum of individual performance. After having researched on the effect of reward system on employee performance, it will be interesting to investigate the impact of reward system on organizational performance.

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